TD Wealth

Wealth Insights

TD Wealth Private Investment Advice

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In This Issue

To Our Clients:

Escalating trade tensions toward the end of the summer are a reminder that these volatile exchanges are likely to persist. We are here to separate the signal from the noise. While certain sectors will be hit harder than others, TD economists estimate that current tariff changes will subtract less than 0.6 percentage points from GDP.[8] We continue to look ahead.

Thank you for your ongoing trust. Here's to the many bounties of the fall.

The 70s Are the New 50s

Welcome to the new longevity. We aren't just living longer; we are also extending the years in which we remain healthy, active and productive. A recent study found that a 70-year-old in 2022 had roughly the same cognitive ability as a 53-year-old in 2000.[1]

This shift is already having economic implications. Just a decade ago, many observers warned that retiring baby boomers would become a significant drag on economic growth as they left the workforce. Yet the opposite has occurred. Those aged 50 and older, now part of the so-called "longevity economy," accounted for just 24 percent of the global population in 2020 but contributed 34 percent of global GDP.[2] In the U.S., households headed by someone aged 50 or older now account for more than half of all consumer spending.[3]

And the demographic shift is only beginning. Canadian life expectancy is now around 82 years, while those reaching age 65 can expect to live to approximately 86.[4] Canada's centenarian population has more than tripled since 2000 and is projected to increase nearly tenfold over the next 50 years.[5]

These trends challenge some long-standing assumptions about retirement. If healthier lives extend into our 70s and beyond, the traditional progression from working years to retirement may become less defined. Indeed, the average working life has already increased from 34 to 38 years since 2000.[6] Some continue working out of necessity, while others choose to remain professionally active, pursue new ventures or transition gradually into retirement.

At the same time, longevity has become an expanding field of innovation and investment. Consider the $101 million global competition to find ways to extend *healthspan*: the number of years spent in good health.[7] Billions are being invested in research, technologies and therapies aimed at adding quality years, not simply more years, to life.

For wealth planning, the implications are significant. At age 60 or 65, a wealth plan may need to contemplate another 30 or even 40 years. The question, then, shifts from simply "*Do I have enough?*" to "*How do I optimize what I have to support a longer, healthier life?*"

As advisors, our role is to help clients adapt their wealth plans as healthspans extend. This may involve considerations around retirement income, appropriate growth potential, registered account optimization, strategic decumulation and the timing of wealth transfers, while accounting for additional years of spending, inflation and potential health care costs.

Perhaps the biggest change is one of perspective. Retirement planning has traditionally focused on accumulating enough to reach retirement, then making those assets last. Our new longevity calls for a broader approach: creating a plan flexible enough to accommodate a longer and healthier life.

The good news? With a longer horizon comes greater possibilities.

1. www.imf.org/-/media/files/publications/weo/2025/april/english/ch2.pdf; 2. www.brookings.edu/articles/the-age-of-the-longevity-economy/; 3. www.aarp.org/money/personal-finance/longevity-economy-report-2026/; 4. StatCan, T: 13-10-0114-01; 5. www.cbc.ca/news/canada/british-columbia/canada-centenarians-fastest-growing-1.7246790; 6. www.goldmansachs.com/insights/articles/aging-population-not-a-risk-to-the-global-economy-after-all; 7. www.wsj.com/health/wellness/billionaires-longevity-health-04dd205c; 8. "Round Two," TD Market Insights, Wealth Investment Office, 8.25.26.

■ **A Shift From Saving to Withdrawing**

Back to School: Your RESP Withdrawal Questions Answered

With kids back in school, it is also the season for questions about Registered Education Savings Plan (RESP) withdrawals.

This may sound familiar: when children were young, you opened a RESP and began setting aside funds for their future education. Over the years, those contributions, together with government grants and investment growth, have helped build a meaningful source of education funding. Now, the focus shifts from saving to withdrawing. Perhaps you're asking: How can we withdraw them in the most effective way? Here are answers to some withdrawal questions:

1. What is taxable? It's important to distinguish between two types of RESP withdrawals for educational purposes. ***The educational assistance payment (EAP)*** consists of any income earned or grants accumulated in the plan and is taxable in the hands of the beneficiary attending a qualifying program. ***The post-secondary education (PSE) payment*** represents funds that the subscriber contributed and is not subject to tax. When you withdraw from the RESP, you need to specify the type of withdrawal you wish to make. Please call the office if you need help identifying each component.

2. How can RESP withdrawals be structured tax-efficiently? Students often don't have significant income, so it generally makes sense to prioritize EAPs when a beneficiary has a lower marginal tax rate. If they have meaningful income, perhaps from part-time employment, and expect lower income in future school years, it may make sense to defer a portion of the EAP. If the RESP is large, consider spreading EAPs over several years to reduce the potential tax liability in any one year since a student may be able to use non-refundable tax credits, including the basic personal amount and tuition tax credit, to offset some or all of the tax otherwise payable on EAP income. For 2026, the federal basic personal amount is $16,452.[1] Assuming average undergraduate tuition fees of $7,734,[2] a student with no other income could potentially receive $24,186 in EAPs without incurring federal income tax.*

The Cost of Education: How Canada Compares Globally

Average Canadian undergraduate tuition has risen to $7,360, up 653% since 1984! Keep in mind that it's still more affordable than international student tuition for the top universities globally:

Ranking	Tuition Cost (C$)	Ranking	Tuition Cost (C$)
1. Harvard, USA	$81,977	4. Cambridge, UK	$50,589
2. MIT,* USA	$88,873	5. Oxford, UK	$60,007
3. Stanford, USA	$93,600	13. Tokyo, Japan	$6,036

*Massachusetts Institute of Technology. Based on 2025 data, www.cwur.org; 2025/26 full-year undergraduate tuition (B.A.), international student. Exchange rate as at 8/16/25. Notably, Harvard and MIT recently expanded their financial aid programs to provide free undergraduate tuition to students whose families earn $200,000 or less per year, subject to family circumstances.

3. Should market conditions affect withdrawal timing? In volatile times, it may be prudent to wait for investment values to rebound. Yet tax and other considerations should also guide the timing. The basic personal amount must be used in the current tax year, while unused tuition credits can be carried forward. If the student has income, a larger EAP may result in a higher marginal tax rate. There may be risks to delaying withdrawals if the student does not complete their studies.

4. What happens if the beneficiary doesn't attend post-secondary school? While original contributions (PSEs) can be withdrawn without tax consequences, unused government grants may need to be repaid and accumulated investment income may be taxable to the subscriber and subject to additional tax. There may be an opportunity to transfer eligible funds to a sibling's RESP or transfer accumulated income to a subscriber's Registered Retirement Savings Plan (RRSP), subject to available contribution room, to a lifetime maximum of $50,000. Remember also that the RESP can stay open for up to 36 years in the event a beneficiary changes their mind.

1. Canada Revenue Agency; 2. StatCan Table: 37-10-0003-01; *Note that withdrawal limits may apply, particularly early in the program.

In Brief: Tax Planning Before Year-End

Despite rising living costs, the share of income spent on necessities has declined. In 1976, households spent about 43 percent on shelter, food and clothing. Today, this has fallen to around 35 percent. What has risen is the share paid in taxes. In 2025, the average family paid 43.1 percent in taxes.[1] Put differently, if taxes were paid upfront, the first 157 days' earnings would go entirely to the government!

This is why tax planning continues to be an important part of wealth planning. As we approach the final months of the year, here are a handful of actions, in brief, that may help improve your tax position:

■ **Split income.** This may include electing to split eligible pension income with a spouse or paying reasonable salaries to family members for services provided to your self-employed business.

■ **Contribute to your RRSP.** You still have 60 days after the calendar year end to make contributions for the 2026 tax year, but the earlier you contribute, the greater opportunity for tax-deferred growth.

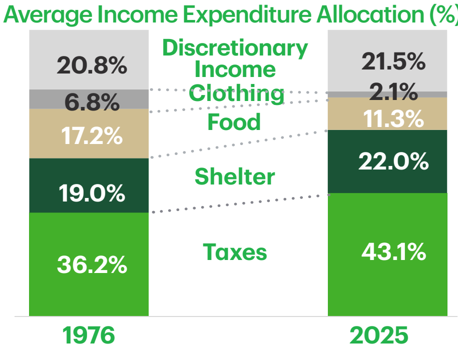
■ **Consider tax-loss harvesting.** Realize capital losses to offset capital gains (for more details, please see page 3).

■ **Give charitably.** Gifting publicly-traded securities to a registered charity may offer tax benefits, including potentially eliminating the capital gains tax liability on appreciated securities.

■ **Plan for the pension income tax credit.** If you're age 65 or older and don't have eligible pension income, consider opening a small Registered Retirement Income Fund (RRIF) or purchasing an annuity.

How Our Tax Liability Has Grown Since 1976

Average Income Expenditure Allocation (%)[1]



■ **Withdraw from the Tax-Free Savings Account (TFSA) before year-end.** If you plan to withdraw, consider doing so before year-end. Contribution room resets at the start of the calendar year, so withdrawals made after December 31, 2026, won't restore related contribution room until January 1, 2028.

■ **Make RESP contributions.** While it won't save tax, you may potentially benefit from the Canada Education Savings Grant (CESG) for 2026.

1. www.fraserinstitute.org/commentary/canadian-families-must-work-nearly-half-year-pay-taxes

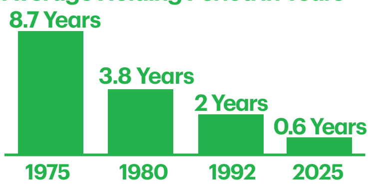
■ Equity Market Perspectives

How the Investing Landscape Has Changed Over Recent Decades

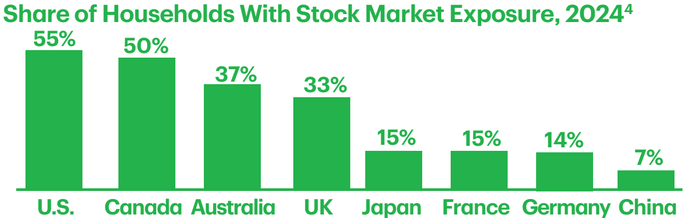
The investing landscape has changed dramatically over recent decades. Here are four ways:

1. Average holding periods have fallen — The average equity holding period has fallen from over 8 years in the 1970s to just months today.[1] Automated exchanges have enabled high-frequency trading, while retail investors have become more active due to greater accessibility via online trading platforms.

Average Holding Period in Years[1]

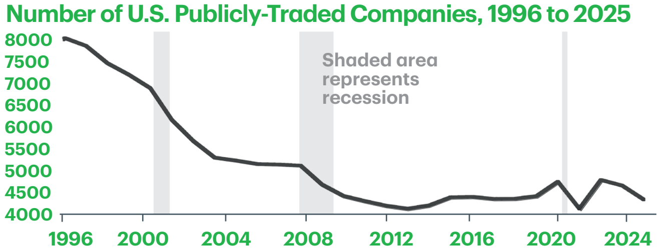


Share of Households With Stock Market Exposure, 2024[4]



2. Public markets have shrunk — The number of publicly listed companies has declined by roughly 50 percent since the mid-1990s, largely in favour of private markets.[2]

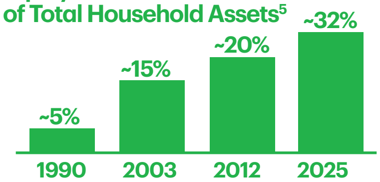
Number of U.S. Publicly-Traded Companies, 1996 to 2025



3. Equity market participation has grown — Lower barriers to entry have democratized participation. In 1983, only 13 percent of adults reported owning equities.[3] Today, Canada has the second-highest participation rate globally, at roughly 50 percent of households.[4]

4. Equities represent a greater share of wealth — Canadian household wealth has seen new highs, driven by investment assets. As the saying goes, "*a rising tide lifts all boats*."

Equity & Investment Funds Share of Total Household Assets[5]



Taken together, these shifts raise important questions: how should markets behave in an environment defined by faster information flow, lower barriers to entry, broader participation, yet fewer public companies? Do these changes imply a structural shift in market behaviour? Are valuations a reflection of these forces in action? It is plausible that structural changes may be reshaping market behaviour, contributing to sharper but shorter bursts of volatility and more rapid narrative reversals.

1. Source: LSE Refinitiv Workspace as at 03/14/25. Based on TOTMKUS Index; holding period = 1/turnover ratio; 2. data.worldbank.org/indicator/CM.MKT.LDOM.NO?locations=US; 3. www.cbc.ca/news/business/survey-says-almost-half-of-canadian-adults-own-stocks-1.208778; 4. www.visualcapitalist.com/ranked-top-countries-by-stock-market-ownership/; 5. CANSIM Table 378-0121; www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3610058001

Tax-Loss Harvesting: Turning Losses Into Tax Opportunities

Following strong market periods, some consider realizing gains to rebalance portfolios. Since capital gains may be subject to tax, a common way to reduce a resulting tax liability is to make use of capital losses. As a reminder, here's a primer on tax-loss harvesting.

Putting Capital Losses to Work

In general, when you sell an investment in a non-registered account, you must calculate the resulting capital gain or loss. This is generally the difference between the proceeds from the sale and the investment's adjusted cost base, less applicable transaction costs. For tax purposes, only a prescribed portion of the capital gain is included in taxable income (the "inclusion rate"), while the corresponding portion of capital losses is generally deductible against taxable capital gains. Currently, 50 percent of a capital gain is taxable and 50 percent of a capital loss is considered allowable. If allowable capital losses exceed taxable capital gains in a particular year, the remaining net capital loss generally cannot be used to offset other forms of income. However, it may be carried back to the last three taxation years to reduce taxable capital gains previously reported, potentially generating a tax refund, or carried forward indefinitely.

Avoiding the Superficial-Loss Trap

When claiming a capital loss, be aware of the superficial loss rules. In general, this may deny a capital loss if, during the period beginning 30 calendar days before and ending 30 days after the disposition, you or an affiliated person acquires the same or an identical property and continues to own it (or has a right to acquire it). An affiliated person may include a spouse/common-law partner, certain corporations controlled by you/spouse/partner and certain trusts or partnerships in which you or an affiliated person has a majority interest. The rules can also apply when securities in a loss position are transferred from a non-registered account to a registered account, such as a Registered Retirement Savings Plan (RRSP) or Tax-Free Savings Account (TFSA).

Putting the Rules to Work: Transfer a Loss to Your Spouse

In some circumstances, the superficial-loss rules may be used to transfer an unrealized capital loss to a spouse/partner. Generally, the loss owner sells the investment and the spouse purchases the same investment during the superficial-loss period and continues to hold it past the end of the period. As the spouse is an affiliated person, the capital loss is deemed superficial and denied to the loss owner. The denied loss is generally added to the adjusted cost base of the investment held by the spouse,[1] who can subsequently sell it and realize the loss. Because the timing, attribution and superficial-loss rules are complex, professional tax advice is recommended.

As we enter the final quarter of the year, it may be an opportune time to review your non-registered investments for unrealized losses that could be used to offset realized capital gains. As settlement timing can affect whether a loss can be claimed in the current taxation year, consider a review well before the end of December.

1. www.canada.ca/en/revenue-agency/services/tax/individuals/topics/about-your-tax-return/tax-return/completing-a-tax-return/personal-income/line-12700-capital-gains/capital-losses-deductions.html

Planning for Retirement? Consider Its Changing Course

The Longevity Paradox: Not Every Year in Retirement Is Equal

Whether you're planning for an early or a late retirement, it's worth recognizing a simple but often overlooked reality: not every year in retirement may be equal.

Statistics continue to show rising life expectancy, but healthy life expectancy has not kept pace.[1] In many developed countries, the gap between lifespan and healthspan is now estimated at 10 to 12 years. In other words, modern medicine has extended life, but modern lifestyles have not always extended health. This creates what some call the longevity paradox: we are living longer lives, but not necessarily better ones in later years.

Of course, part of this is driven by genetics and factors beyond our control. However, there has been a growing focus on improving healthspan: not simply extending life, but promoting healthy and active years. What was once a niche concept has become a major area of consumer spending, research and investment. Yet despite growing interest in advanced therapies and optimization strategies, the foundational drivers of healthy aging remain consistent: physical activity, nutrition, sleep and strong social relationships.

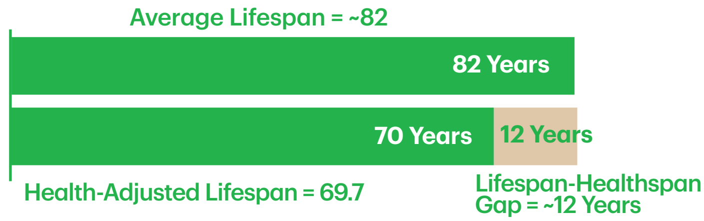
For retirement planning, healthspan matters because it helps frame retirement in phases. One common framework divides retirement into: i) the "go-go" years, ii) the "slow-go" years and iii) the "no-go" years. Each phase reflects changes in activity levels, which in turn impact spending patterns. In the early years, activity and spending are typically higher for many, as travel, hobbies and discretionary experiences tend to dominate. In the later years, particularly in the "no-go" phase, non-healthcare spending can materially decline.

The key point is that retirement can change over time. Not every retirement year may carry the same value, needs or opportunities.

So what does this mean for retirement planning?

Plan earlier for health, not just wealth — Lifestyle choices made today (even well before retirement), including exercise, sleep and diet, can influence the duration of healthy, active years in retirement. As with wealth planning, a longer-term perspective may help support better outcomes in later life. Importantly, relationships and community also play a measurable role in health outcomes, reinforcing that healthspan is not purely biological, but social as well.

Canadians Are Living Longer — But Not Always Healthier[2]



Recognize that the value of money changes over time — A dollar spent at age 65 on a meaningful experience may have greater lifetime value than a dollar saved for age 85, when physical limitations may reduce your ability to enjoy it.

Build a "first decade retirement plan" — Many retirees experience their most active and expensive years early on. Planning explicitly for this period can help align spending with health and lifestyle realities.

Consider longevity risk holistically — For some individuals, especially those with health concerns, it may be appropriate to consider wealth strategies that address longevity risk directly, including insurance-based solutions.

Remember: You can't take it with you — Retirement planning is not only about accumulation and withdrawal strategies. We are here to help build a retirement withdrawal strategy that can support sustainable lifetime spending while considering tax implications and available government benefits. But other considerations may also be equally important for high-net-worth individuals, including intentional "giving while living," allowing you to see the impact of wealth on family and causes you care about. Estate planning can focus on continuity, stewardship and multi-generational outcomes.

Ultimately, retirement planning should shift from simply accumulating enough wealth to something more nuanced: using resources at the right time and in the right way to support a life that is both longer and better lived.

1. https://jamanetwork.com/journals/jamanetworkopen/fullarticle/2827753; 2. canadalife.com/investing-saving/retirement/longevity-retirement/healthspan-vs-lifespan.html

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